

# HOUSE OF REPRESENTATIVES—Monday, May 4, 1992

The House met at 12 noon.

## DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MONTGOMERY) laid before the House the following communication from the Speaker:

WASHINGTON, DC,  
May 4, 1992.

I hereby designate the Honorable G.V. (SONNY) MONTGOMERY to act as Speaker pro tempore on this day.

THOMAS S. FOLEY,  
Speaker of the House of Representatives.

## PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

As we bow our heads in prayer, O God, we pause to admit our weaknesses and confess our faults as individuals and as a people. We know that we have not lived with respect and understanding toward each other or with the unity of spirit that is Your will for us. We affirm that we are armed with the grace of forgiveness and the renewal of hope, and we seek to be good stewards of the responsibilities that have been given us. For Your good grace and promise of renewed hope, O God, we offer this prayer of thanksgiving and praise. Amen.

## THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

## PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Wyoming [Mr. THOMAS] please come forward and lead the House in the Pledge of Allegiance.

Mr. THOMAS of Wyoming led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

## THE HONORABLE WILBUR D. MILLS

(Mr. HAMMERSCHMIDT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAMMERSCHMIDT. Mr. Speaker, I deeply regret to inform my colleagues of the passing of one of the great former Members of Congress—the Honorable Wilbur Daigh Mills.

Chairman Mills died this past Saturday in Searcy, AR, after suffering an apparent heart attack at his home.

He is remembered as one of the most influential congressional leaders of the 20th century. As chairman of the Ways and Means Committee for almost 20 years, his imprint has been indelibly placed on our Nation's Tax Code. There are many who considered Chairman Mills the most knowledgeable individual in the country when it came to matters of tax, Medicare, Social Security, and trade. People from around the world sought his counsel and expertise long after he retired from Congress.

Chairman Mills represented the people of the Second District of Arkansas for 38 years. It was my privilege to serve with him from January 1967 to 1977. It was also my privilege to know him as a close friend. I'm sure many Members will want to remember and honor Chairman Mills at a later time for his prominent contribution to our Nation.

A memorial service will be held on Tuesday at 2 p.m. in Kensett, AR.

I extend my deepest sympathies to his wife, Clarine "Polly" Billingsley Mills; two daughters, Martha Sue Dixon of West Simsbury, CT, and Rebecca Ann Yates of Wayne, NJ; his brother, Rogers Mills of Kensett, AR; his sister, Emma Gene Yancy of Marianna, AR; six grandchildren and two great-grandchildren.

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled joint resolutions on Friday, May 1, 1992:

S.J. Res. 174. Joint resolution designating the month of May 1992, as "National Amyotrophic Lateral Sclerosis Awareness Month"; and

S.J. Res. 222. Joint resolution to designate 1992 as the "Year of Reconciliation Between American Indians and Non-Indians."

## PROUD TO BE A MEMBER OF CONGRESS

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, today I am making a political an-

nouncement about my future in the House of Representatives. I am not retiring.

Mr. Speaker, I say this because great play has been given to many of our colleagues who are leaving the Congress, creating frustration, despair.

Two great Members retired last week, the gentleman from Florida, LARRY SMITH, and the gentleman from Michigan, BOB TRAXLER. I think those of us that are staying deserve a slight pat on the back. I was in Taos, NM, recently. And I had a constituent say, "Congressman RICHARDSON, don't let the negativism in Washington cramp your style. Only the Congress can make things better, and take credit for being in Congress."

Mr. Speaker, I am here to say that I am proud to be a Member of Congress. This is a good institution with a lot of good people, staff and Members, and we have got a job to do.

Yes, there are frustrating moments, but on the whole there is no job in the world where one can make a greater difference to help people.

Mr. Speaker, last week came and went with two more of our colleagues announcing they would be calling it quits after this current Congress. Florida's LARRY SMITH and Michigan's BOB TRAXLER adding their names to the growing list of Members who have decided to part ways with this House—52 so far, and the number is sure to grow.

I had the great fortune of working closely with both Congressman SMITH and Chairman TRAXLER—both men devoted to the public good truly interested in trying to make a difference. Their departure is a great loss for this institution.

It is unclear how many more of our colleagues will step down into this well and announce they too are going home for good. I, for one, will not join the parade of Members who are making the trek to this spot to say their goodbyes. My name will be on the ballot this November. God willing and with a few votes of support from my constituents, I will return to this House as a proud Member of the 103d Congress.

Despite the harsh criticisms that are thrust upon us, despite the efforts of some partisan thugs who attempt to destroy this institution, and despite the terribly nasty smell and taste of modern-day politics, I believe there is no higher calling than public service. Serving in this House, working together, we have the unique ability to make a positive difference in the lives of 250 million Americans and millions of our neighbors abroad.

I am not embarrassed to be here; I'm not ashamed to be a Member of the House. I am proud of the work we do and hope to return to this great institution to serve in the 103d Congress.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

## DEALING WITH THE CRISIS IN LOS ANGELES

(Mr. WOLF asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLF. Mr. Speaker, I have sent today a letter to the President about the crisis in Los Angeles which I would like to share with the Congress.

HOUSE OF REPRESENTATIVES,  
Washington, DC, May 4, 1992.

Hon. GEORGE BUSH,  
The White House,  
Washington, DC.

DEAR MR. PRESIDENT: Having watched with horror at the events in Los Angeles last week, I want to urge in the strongest possible way that Jack Kemp be delegated to aggressively represent the Administration in helping to rebuild the city and in dealing with similar problems facing the inner cities throughout the United States.

Jack's faith and experience give him the understanding and burden to address these issues. There is no better time for the Administration to demonstrate its ability to find positive solutions to the crises facing urban families and communities.

Mr. President, you appointed Jack Kemp to be secretary of the Department of Housing and Urban Development and it was a good appointment. Assigning him now to attack the problems in Los Angeles and in cities across our nation will show every American your Administration's continuing commitment to bringing people together and moving our country forward.

Sincerely,

FRANK R. WOLF,  
Member of Congress.

This Congress has not been that receptive to what Secretary Kemp and the Bush administration has wanted to do, and Jack Kemp has come up with creative ideas on behalf of the administration, such as enterprise zones and elimination of capital gains for the inner cities. Now is the time to give Jack that ability to speak out whereby this Congress and the administration can come together in a bipartisan manner to solve these problems.

## PAINFUL SITUATIONS ARE TESTS OF PRESIDENTIAL LEADERSHIP

(Mr. MAZZOLI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAZZOLI. Mr. Speaker, the test of leadership is to take sad and painful situations and make something constructive from them. The President faces such sad and painful situations, one of which is in Los Angeles.

As a result of the riots and the difficulties there, the President has the opportunity of taking that sad and painful situation and creating a whole new agenda for the cities of America. He has the opportunity of creating a whole new agenda to ensure the civil and human rights of every citizen of this Nation.

Another sad and painful situation the President faces, Mr. Speaker, has to do

with the American political system, a system today driven by big money, by big special interests, by big political action committees, but not by the people who are meant to drive that system.

The President can take that sad and painful situation, Mr. Speaker, and make it better by signing the campaign finance reform bill that has been just sent to him this week by the other body, having first been passed in this body some weeks ago. I urge the President to make constructive situations from these two sad and painful situations, the situation in Los Angeles and the situation in the American political system.

## THE NATIONAL GUARD IN LOS ANGELES

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, the California National Guard is doing a good job in a tough situation in Los Angeles. At 10 o'clock on Wednesday night, individual National Guardsmen were alerted to report for duty, and by 5 o'clock Thursday morning, more than 2,000 guardsmen were in their armories being briefed and getting equipment.

By noon on Thursday, the National Guard got its first mission from local law enforcement officials to go on the streets. At 1 o'clock Thursday afternoon the first units, an MP company from the 40th National Guard Division, were on security patrol in the Lake-wood area of Los Angeles.

By Friday, more than 9,000 California National Guardsmen had been called up and federalized. Over 7,500 of that number are actually on the streets, patrolling and providing security.

Mr. Speaker, this situation shows how important the National Guard is in its State mission. The Guard is protecting human life and property as part of its dual role of serving the States and local governments in time of crisis.

□ 1210

## NATIONAL AND INTERNATIONAL THIEVERY IN HIGH PLACES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. GONZALEZ] is recognized for 60 minutes.

Mr. GONZALEZ. Mr. Speaker, I continue on the subject matters that I have been discussing for some years, but with particular relevancy on two major concerns as a Member and also now as the chairman of the House of Representatives Committee on Banking, Finance and Urban Affairs. This could be said to be about thievery in high places, national and international.

Before I go into that I want to sum up, for the sake of understanding and clarity, the limitations as well as the jurisdiction of the Committee on Banking, Finance and Urban Affairs. I also happen to be the chairman of the Subcommittee on Housing and Community Development.

The average citizen, and I would almost hazard to say the average Member of Congress, and not members of these committees in either the House or the Senate, would conclude that the Committee on Banking, Finance and Urban Affairs has jurisdiction on matters that would seem obvious and commonsense to have jurisdiction, but we do not. As a matter of fact, there are areas of activity that I think the average citizen who reads his Constitution would absolutely conclude that the Committee on Banking, Finance and Urban Affairs of the House had jurisdiction, but it does not. Such things, for instance, as the constitutional mandate—not a privilege, it is a mandate—that the Congress control the purse, Treasury; that it also set and determine the value of its coinage or currency, as we say nowadays.

However, that is not really so, through a variety of things that I have discussed on prior occasions and only will sum up; for example, in the matter of affixing the value of the money and coins thereof, that was long abdicated by the Congress after the passage of the Federal Reserve Board Act of 1913 and the creation within the activities of that board of such a thing as the Open Market Committee.

That was structured not unlike the set-up of our mother country, England, but today the operations of the Fed are actually of an epoch and an era that no longer reflects the activities in England or Great Britain.

For example, it used to be that the Chancellor of the Exchequer could, until actually not too long ago, determine the fall or rise of any cabinet or government in England by just the power to set the value of the bills, of notes, bills, so forth. Unfortunately, today the Federal Reserve, through its Open Market Committee, has that power.

It used to be, and for at least six different chairmen of the Federal Reserve Board that I have observed since I have been a member of the Committee on Banking, Finance and Urban Affairs, it repeatedly came up, as late as Chairman Volcker, to tell us that interest rates were something that was totally and completely out of their control. They could not control that. At one point I said, "What is it, an act of God?" And he looked at me rather condescendingly and did not say anything, just smiled and puffed on that cigar he used to puff.

The truth is that now we have had the last two chairmen repeatedly say, "Of course we can control interest



rates. In fact, we are going to respond to the political pressure of our Republican conferees in power in the administration and we are going to reduce interest rates." Unfortunately, the last three years of Mr. Volcker's regime he lost that power as far as controlling it, in view of external forces, international forces, over which he was able to preside over the loss of that control, no matter what we do domestically, as is being proven today by the so-called control. But nowadays we have definition of interest rates. We have short-term interest rates, long-term interest rates.

The prime rate can mean at least three or four different things, depending on the definition. It did not used to be that way, and it certainly was not that way until the end of Volcker's regime.

The truth of the matter is that the Federal Reserve Board is totally independent of anything that Congress wants to do, or for that matter the executive branch, unless, as in 1972, the Chairman then, Mr. Burns, was sympathetic to Mr. Nixon's plight in the 1972 recession that summer, which incidentally coincided with Watergate, and did do a little bit about the so-called money supply.

They have all kinds of jargon to try to explain this, but the simple language that anybody can understand, these are not matters of esoteric or secret or magical things left to the high priests of finance, but they just happened to hide their thievery in this kind of secrecy where it is the secrecy to keep from the American people what is going on that has enabled it, not all of their jargon and gobbledygook and everything else that they enshroud whenever they went to their activities.

□ 1220

I wanted to make sure Members understand that the Federal Reserve Board is not a Federal agency. It is a creature of and responds to the commercial banking system, private, and the way it has worked its independence, it is totally independent even though it was not created from on high. It was the Congress that created the Federal Reserve. So the Congress though, for whatever good reason or bad, is, and has been very unwilling and probably will be.

The tragedy is that all of this seems to be waiting just for this whole house of cards to fall around our heads, and this time even beyond our shores, and ricocheting back and fourth. There are connections. I have been developing one aspect because of our responsibility in the Banking Committee where we at least can say that we attempted to provide a framework or a system whereby these men that the same Congresses have placed in charge of regulating the banking and financial industry will at least have no excuse to con-

done what has been going on, and continues to go on and is going on even now as I speak this morning. And that is international banking.

I have said this before. It was not until 1978, and that only after the 1975 hearings that I caused to bring then as a lower situated member of the committee, to my home city of San Antonio where we had a 2-day hearing showing this international and rather insidious velocity of moneys easily transported with no detection whatsoever in huge volumes across the international border, and its impact on some of the local banking institutions. Roughly, we have limitations and I explained one with respect to the fixing of money or the value thereof. Today it is the Federal Reserve Board that cranks the printing presses, it is not the politicians, it is not the Congress. It is the Federal Reserve Board, even though the Federal Reserve Board is defined in the Federal Reserve Board Act of 1913 as being the fiscal agent of the U.S. Treasury. But it has turned out to be the other way around, and we will go into that in a few minutes with respect to the domestic activities over which we also have little or no control, but on which I have introduced legislation in order to seek protection for the interests of the greatest number in our collective body known as the American society.

So, generally, contrary to the commonly held belief that the committee would have jurisdiction over such things as the heavy, you could say symbiotic or indissoluble link between banking and securities investment, or Wall Street speculation and gambling, but we do not. And the reason is very simple. Some time ago when my fellow Texan, the great Sam Rayburn was Speaker, he got angry at the then chairman of the Banking Committee. So he then placed the jurisdiction of such things as the Securities and Exchange Commission over in what used to be the Interstate and Foreign Commerce Committee but which is now known as the Energy and Commerce Committee. So we do not have jurisdiction of that.

But we have jurisdiction over some aspects of it, like the Federal Reserve Board, and that is crucial.

I have discussed the BNL, the Italian bank and its agency facility in Atlanta at great length. I have brought out some of its actual alliances and some of its henchmen involved in criminal exploitation and being conveniently used by our national leaders to do such things as provide letters of credit in the hundreds of millions and billions of dollars for Iraq, right up to the very point of the invasion of Kuwait. That was possible only because, as it is still pretty much the case even though there was that scandal, but more the BCCI scandal which was the one that seemed to gain the national attention

and daily headlines, but we do not hear anything about it now. But BNL, we had been talking on BNL for almost a year before BCCI broke, and the BNL, from a certain standpoint as far as our national interests are concerned is far more insidious than the BCCI. But that is also tied in with another aspect that I have spoken out about with no seeming impact on anybody, including my fellows on the Banking Committee or those off the Banking Committee, and that has to do with the debauching or the fast approaching little value of our money and our currency. I have been speaking out on this since 1979, specifically in August 1979. Nobody seems to much care even now, even though it has everything to do with my colleagues constituents' jobs, and what their money is worth, which would be important even in the case of defense. What good does it do to have a highly touted defense system, No. 1 in the world today, if the value of the money is not worth much? The dollar has lost about 60-plus percent of its value just since 1986, and against gold it is over 1,000 percent loss of value.

I wanted to develop today two things that are linked and are interchangeable, and the BNL and the BCCI are just symptoms of the malaise and how the local corrupt setup domestically happens at a critical moment in the world's development to sync with the international corrupt system, criminally oriented, and which will be very difficult to have policed worldwide unless there is some new leadership, and I think it is a little too late for that, emanating to try to safeguard not now just this national interest but mostly the industrial nations' interest.

Domestically, the one thing I have discussed here at the time I introduced what is known as H.R. 4450, together with and in company with my distinguished colleague on the Banking Committee, Mr. STEPHEN NEAL of North Carolina, as an attempt to prevent what happened with the recent scandal, which incidentally has also been very much hushed up, of the so-called Salomon Bros. scandal. Let me explain about that, because I think that it never really has been. Since the Department of Treasury has been doing everything it can to hide its insolvency, it has to depend on such entities as the quote-unquote Salomon Bros. and others.

□ 1230

But the Treasury has been too deeply involved and intertwined with this very same financial entities or industry of our country. So that in order to try to regulate and prevent, and I do not think it has or is being prevented, the abuse reflected in the Salomon Bros., we introduced H.R. 4450 from the standpoint of the Federal Reserve Board, because after all, remember what I said awhile ago, the Federal Re-

serve Board is the creature and the maidservant of the private banking industry.

Treasury has to fund what we call, or try to sell pieces and chunks of the national debt in the market. Therefore, Salomon Bros. and their like are indispensable.

But the truth of the matter is that nowhere has it been brought out that the Treasury is actually in a way borrowing from Salomon Bros. and, therefore, is not going to be too anxious to try to regulate and clean up that aspect. So from the Federal Reserve Board where we have jurisdiction to legislate, H.R. 4450 would simply say this to the Fed: "You shall no longer have this exclusive secret private list of 39 prime dealers of which Salomon Bros. was king and prince"; until lately, they have not known what to do.

The bad part is that the international swings in then at that time, too, because the Japanese have been heavy purchasers of our debt, and they have begun to withdraw when they found out about this thievery on the part of Salomon Bros. They began to say, "Hey, wait awhile, you know, we want part of that gravy, too." So they have had Japanese securities which now are allowed in our marketplace also, but in a much lesser way, involved.

But what does it mean when Japanese investments in our debt amount to 35-plus percent of that debt? Does it not mean that we have sold our economic and financial freedom in the most vulnerable place which is our Treasury? Does it not mean it has been sold out, and with it, the economic and financial independence of America? That is exactly what it means.

Now, because Treasury risks involving insolvency allowed Salomon Bros. to fix the price, but in what an insidious way. Now, this has never really been brought out. Salomon Bros., as such, was caught. And why? They would get so greedy. They had the most privileged, and they had a credit card to steal from the Treasury, and yet they were so greedy that they overdid themselves to the point where not Treasury but competitors began to squeal, and that is how the pressure builds up to expose that one. It was not Treasury. How could Treasury?

In fact, what has happened since then? Oh, the Secretary of the Treasury announced that he was suspending Salomon Bros., but then a few days later, they got a new guy. They made a fall guy, and I forget his name. He goes out. Another one comes in. He says, "Oh, you know, he was insane."

In other words, he pled insanity. He was crazy; they do not know why he did it. "We are really puzzled." The tragedy is that the whole doggone securities industry has been involved in this kind of game, just not that much gravy though. That is what happened.

So now here comes the new guy at Salomon who picks up the phone and he calls his buddy, the Secretary of the Treasury, because our Secretaries of the Treasury, and I am not just talking about Republican administrations. It goes back to Democratic administrations. The overwhelming majority of them have come from the same stable, Wall Street. So what does our Secretary of Treasury, who is a former chief executive officer of what, Dillon, Read, say? He says, "Well, you know what, we are going to be lenient." Frankly he just could not afford to cut out the biggest source of borrowings for the Treasury.

But let me tell you how it works. There is no regulation of that market. If we get 4450, it will be the first time. It is in utter secrecy. It is not a surprise. It was not to me, but it seems to not even surprise some enough to write about it.

But I think some of our average American citizens who buy bonds or, for that matter, lend the Treasury should not be surprised to know that the Treasury borrows from Wall Street at a higher interest than it loans to Wall Street.

Our handling of the debt is so atrocious. Old Uncle Sam, and that means the taxpayers, are paying compound interest on that debt. It will never get out. The whole house of cards, I am afraid, as much as we have warned for 20 years, as much as we still have within this period of time, and even on these other manifestations, now social disturbances, we have been predicting this since 1982, but it just seems that we have reached a point until there is a crisis, and then the reaction is knee-jerk and very disastrous in the environment which we find ourselves in this world today.

Anyway, is it not nice the way these big old boys can borrow, and the Treasury pays a higher rate when they borrow it back? I mentioned there were 39 primary dealers, but Salomon Bros. and these dealers, with only 1 percent downpayment, buy those Government IOU's. Those IOU's yield 7-percent interest. The Fed then loans the money back to Wall Street at 5.75 percent, and Salomon Bros. even used that debt paper to buy collateral and use it as collateral on the loans it purchased with them. Now, tell me if that is not a scam of the worst kind.

Why, these penny-ante loan sharks out here that are now legalized usurers and have been, and I have spoken against that since 1966, but are now legalized. Usury is legal. I remember how surprised so many citizens seemed to be in Virginia, Texas, wherever I went, to know that there are no national interest-rate caps. Why, on a national level those went out in the 1865 National Currency Act just about the time that President Lincoln was assassinated, and then, of course, it was not

long before Gresham's Law began to operate, and then I happened to be here on this committee with great agony watching how the Federal Government's refusal to protect what human beings had been protected from ever since 7,000 years before Christ, and suddenly discover that those States like mine that did have usury laws or interest-rate controls, under the burden of the Federal Government saying, "Well, we are taking off interest-rate controls on VA loans for housing, mortgages, et cetera, et cetera."

□ 1240

What could they do, except under pressure? There are only about two or three states that still have some kind, and the bankers there and everybody else is complaining daily about how they cannot compete for capital.

So with 1 percent downpayment, old Salomon Bros., et al., and their ilk buy the Government IOU's, and they yield 7 percent. Then good old Treasury comes back and pays them 5.75 percent.

Now, I do not see how in the world old Jim Fisk, I bet he has turned over in his grave with envy, and all those big manipulators and thieves right after the Civil War, they must be just turning over their bones to see how slick it is done nowadays and getting away with it.

Now, what were the profits made by the five firms, chief firms, Salomon Bros., being the king of them all and then four others? Well, just one operation there, one year, a billion dollars plus.

Do you wonder that we have a debt that keeps increasing incrementally, where today just the interest on the debt amounts to the total amounts of money, my dear colleagues, what you vote for the national defense of this country?

I am asked, "Well, Henry, if you had your way, what would be the biggest single thing you would want?"

Well, it is very simple, Solvency, solvency, solvency. We are bankrupt. We are insolvent on every level of our national life, whether it is corporate, whether it is just plain you and I out here with the level of debt that we have piled up, private debt, credit cards and what not, or whether it is the Government. We are insolvent.

How long will it take before that nasty mega-truth is conveyed?

Now let us go to the international. I have been speaking on the BNL. I have spoke on the BCCI. We have had hearings. In fact, this coming Friday, God willing, the committee will have hearings on BNL and some of the related things that will give us a little more knowledge of what it is that can be done to synchronize our protective agencies or Departments. One of the prime guests will be the Director of the CIA, Mr. Gates, and that is this coming Friday.



Now, we also had hearings on the BCCI. We have not terminated them. We still have places to go; but in the meanwhile, the first evidence of this crumbling house of cards of our so-called insolvencies in the financial institutions, where we cannot even get the House to just lift the cap, the day cap of April 1, on the moneys that are necessary because you have got to close down and pay out the depositors of the defunct institutions that are out there. They are dead as a doornail.

And what happens if all of a sudden the Government cannot keep its pledge to pay out the full insurance of up to \$100,000? Are we waiting to see what happened in Ohio, Nebraska first, in 1985? Then in Ohio and then in Maryland where you still have some 15,000 Marylanders who have not gotten their money back? I have talked to some who could not and did not get their money back that they had saved by dint of hard work to get their kids through college.

Now, if you think that has not been pathetic to me, you just do not understand what it is to feel this, when you have felt it in your bones and done more than just sit there. You have spoken out, to find it is like a coyote out in the brushwood in my country braying to the Moon at midnight.

Now, let us go to this international, the BCCI. Fortunately, the BCCI, as well as BNL, had not and did not get, I think it was accidental, full banking facilities; that is, where they could get unwitting Americans and take in deposits; but they did in England, where for the first time in 100 years they had the first bank failure of any size, a big bank.

What were the reasons? Why should this have happened when it did not even during the Depression, when we had our banking moratorium and Franklin Roosevelt closed the banks? Canada did not and neither did England, but all of a sudden, wham.

One of the biggest ones, well, the same reason that we had our problems here, deregulation under Maggie Thatcher. Remember? There was an affinity of interest between those two Tories known as Maggie Thatcher and Ronald Reagan, and they did the same thing and we had the same occurrence in the case of Great Britain, where for the first time in 100 years they had not had any big bank failure.

Well, those are just symptoms. What I have been trying to tell my committee colleagues, sure, we are going into this. Somehow or other, we called a meeting, we called a hearing, we cannot get too many Members. There are other things that have priority. I tell them that these are just symptoms, which means that we have a real task.

The reason is simply deregulation brought lack of surveillance, and it did so on the international level.

I want to refer to a very interesting article that appeared this last October

in the publication known as World Press Review, entitled "The Dark Side of International Banking." It points out, among other things, that is with the lax international situation where all this money is supposedly going to the new middle Europe or East Europe can be so susceptible to be converted and used to do what has been done in countries like Luxembourg, and now all the Caribbean islands, the Cayman Islands.

Why would any corporate activity or financial activity go to these islands to get their charters? Obviously, they escape American taxes, and second they do not have to show their jerry-built very fragile, if existing, financial capitalization.

So can there be any BCCI? Of course, there will be many more, but even between BNL the Italian Bank and the BCCI, there is also a relationship.

I want to bring out that we have had in our investigative capacity a great wonderful relationship with the Roman Italian Senate investigating committee. As a matter of fact, they were the source of some information that was denied to us by our Federal departments and agencies.

Now, recently, you read about the scandals in Japan and about the drop in the Japanese stockmarket. Are these isolated? No, they are all interconnected.

I am going to quote:

□ 1250

"The problems of bank surveillance are posing themselves on an international scale. What, for example, do two recent financial scandals—the Nomura Securities scandal in Japan and the one involving the Atlanta branch of Italy's Banca Nazionale del Lavoro [BNL]—have in common? They are two cases that demonstrate the danger of situations where economic power is concentrated in a few hands," says Paolo Bernasconi, an expert on economic crime. In Japan, the shock of the scandals was very powerful: In the course of a few days, powerful institutions such as Nomura and the country's three other large brokerage companies, Daiwa, Yamaichi, and Nikko, appeared to international officials and local account holders to have been in business with the local Mafia and at the service of a few industrial groups and government industries. The BNL Atlanta affair is not as clear, although investigations have added new and important details. According to Gian Maria Sartoretti, who runs BNL's financial institutions department, the head of the Atlanta branch had set up a network of illegal activities involving suspicious Bulgarian, Turkish, and English companies to traffic arms and drugs.

I had tried to bring out the fact that we have \$800 billion, although it is more than that now, around \$1 trillion

in this international financial activities area in the United States, with nobody, no Federal agency, no State agency—and remember these agencies are chartered by the individual States. In the case of BNL of Atlanta, it was the Georgia Banking Commission.

We had the commissioner before us, and he had not the slightest idea that this giant fraud had been going on right around him.

The Federal Reserve Board did not, either.

So, what do we have? Well, fortunately, because of those two scandals, BCCI and BNL, we had a minor addendum to the law known as the 1978 International Banking Act, but not enough.

I contend that, as I am speaking here today, I have a trillion high-velocity dollars in the country. But then, when you add the international flow, which I have also been speaking about—in fact, in the last appearance before Chairman Volcker of the Federal Reserve Board in the summer of 1987 before a committee, I asked him that one question. I said, "Mr. Chairman, what, if anything, do you still believe ought to be done, or do you believe anything ought to be done, about this more than half a trillion dollars that is running worldwide between Bonn, Germany, Paris, London, New York, Tokyo, transmitted instantaneously, and that is highly speculative and that it is not money following goods or commerce or interchange of commerce or values, but it is money speculating on money?"

And he looked at me, and he said, "Nothing. There is nothing we can do."

Well, that is a lot of nonsense. They sure could. At the same time he was reporting to us, having the Federal Reserve Board as the representative of the banking industry, not the Congress, entering into the so-called BIS agreements or the Cook Commission convergence on capital standards, which in effect made the big, big powers and has been ever since I can remember. As a matter of fact, the BIS, the Bank for International Settlements, even during World War II, when Franklin Roosevelt, our great President, said, "We are going to build 50,000 warplanes," he could not move one until the German cartel in the BIS released the right to magnesium which we needed.

So, this kind of money has no nationality, no allegiance, no loyalty to any particular country.

So, Mr. Speaker, time's awasting. If we had had any kind of leadership in our country, as I have been advocating for over 20 years, we would have taken the lead when we still had leverage. Rather than that, we meekly and supinely yielded to such things as BIS. Incidentally, the United States is not a voting member of BIS, the Bank for International Settlements, the real power.

It is not IMF, but BIS.

What did those standards do? This is what our bankers are complaining about. It imposed rigid capital standards, which means premiums. And what did the Federal Reserve Board do? It imposed them on all of the banks, not just those that are involved in that kind of international transactions; the overwhelming majority, 92, 92 percent, do not involve themselves in that kind of trade. But these others have to pay. In fact, that is what the real complaints have been about, not the fee increases because of the bailout now and the insolvency of the bank insurance fund. Let us not kid ourselves about that, either.

Mr. Speaker, if you cringe at even allowing the very facility that is in charge of resolving the remaining S&L's and just lifting the cap on the date, not giving any more money—and we appropriated that money last November—how in the world are you going to be ready when the next round comes and the bank insurance fund, known as BIF, which we still have not faced? All we did earlier, last year, was to tell the FDIC, which is the insurance arm, the insuring arm of the deposit insurance system, which incidentally is at the bottom of our problem; it has been corrupted, it has been diverted from the congressional intent. The Congress sat by supinely and so have the banking committees, despite some of our outcries, which have been marginalized, and protested that there is no congressional intent ever placed in law but that the decisions made by regulators like Volcker on his policies of "too big to fail," where they would pay out billions of dollars to those that had way more than the insured amount.

Now, the average citizen, the average American depositor, has no more than \$8,750. So, where have all these billions of dollars gone previously?

But now, where they finally got them, where they are behaving like they should have, the Congress holds back on even doing the very minimal to prevent what I will call an uncontrollable crisis.

The fact remains that there are so many levels in which the people, that is, through their agents or their representatives, the Congress, the only national policymaking body that they must depend on, have lost any control and is now so multilayered, what can I do? In the words of the poet Audin, "I have but one voice to undo the folded lie."

I know that. We have also been wise enough to mark an observation made by another American writer, who said, "The day of the pamphleteer and the political oration is gone." We live in the day of the engineering. The spark gap is greater than the pen.

Well, being that our American people, at least in their name, our Govern-

ment has gone out and slaughtered innocent victims in Panama with the most deadly weapons known to man, and over 200,000 Arab Moslems, is it not true the spark gap is greater than the pen?

□ 1300

But nevertheless, it is no excuse for anybody falling over. All I say is that, after last week's actions on the part of this great House, I hardly know what to say to my colleagues who, in the majority, ran helter-skelter and turned their back on the greatest threat that has ever been made to the independence, and the coequality and the separateness of this great body since the First Congress in 1789. I ask, "How can I expect you to stand up to defend the most vital, yes, difficult, yes, politically hazardous?" Big powerful people do not like to be antagonized. They never have. But we are charged with a duty, and it is not what you, the majority, ran away from, your most basic trust. Why?

As I said to the court, it is not my right, granted by way of privileges and immunities in the Constitution, from encroachment from the executive branch and, for that matter, the judiciary. It is the privileges and immunities belonging to the people who elect me. Not I. I am here transitorily. I will be gone, and somebody else will be here. But those inherent rights the Constitution has given, not us, temporaries, but the people who elect us, and that means that it will be most difficult to defend even that which I spoke of a while ago.

Now I am going to also close out by referring to a recently issued book entitled "The Money Bazaar" by Andrew J. Kreiger. This young man is like one young lady I read about who wrote a book called "Play Money" giving her experiences about how at 19 years of age she made over \$2 million in a month or so on Wall Street. Now my colleagues know, if that happened, there is something wrong somewhere, and I was speaking about how the Wall Street activity, even today, does not reflect what it is supposed to.

Mr. Speaker, Wall Street is supposed to be reflecting the bonds, paper of corporate activity, producing, manufacturing, and it is not. What is now is: it is a manipulated market. Clearly the 1987 fiasco showed its manipulation.

That has not stopped. The handling of the Treasury, of its securities; I have just explained to my colleagues what a scam it is. That has not stopped.

So, here is a young man that now describes how he has made his millions as a recent graduate from the, I think, Wharton School of Business. But then he learned that with just a simple computer he did not have to work with Salmon Bros., which he started out with, or the others. He could do it at home with this trillion dollars-a-day

internationally money chasing money; that is, currency speculation. What is that speculation on? It is on the value of our money.

And what I have said is, and I have said it repeatedly, and I keep on saying it even though it seems almost frustrating and hopeless: We are the only people who have had through history that great privilege of paying our debts in our currency. We continue the course we are on, we are and have been, and are immediately vulnerable to the dollar being replaced as the international reserve currency unit. If that happens, it means we will have to pay this enormous debt overhang in somebody else's currency, and, therefore, we will be as we were in the beginning when the founding leaders of this country were fighting in the mercantile system.

Mr. Speaker, on the verge of the 21st century we are going into a mercantile system where we no longer produce. We are not the producers. We are net importers, and we are dependent on somebody else's judgment and willingness, and I will guarantee that I would not bet a penny on it for the value of our money or currency.

Now that sounds remote, Mr. Speaker, I have been telling, and I have been saying, this, and it sounds, remote. But it means the jobs of our constituents, as they already have been affected. It is tied in. But how long? Oh, how long?

When it happens, it is not going to be like the 1987 stock market thing. It is going to be like not even the uprising in L.A.

Incidentally, I took the committee and the subcommittee to L.A. on February 11. We had our hearing right in the middle of where all this is taking place. We have written a report because we have gone to several States. I started out on January 7 in Bridgeport, CT. We went to South Carolina. We have been to Baltimore, MD, as well as Cleveland, OH, where they have lost over 30 percent of their industrial productive goods just in the last 10 to 15 years, and to Milwaukee, and then to L.A. The report at that time that we were preparing, it indicated the highly volatile situation that existed, not just in L.A., but particularly at the time.

Now, when this happens, that which I hope will not, but which I must report the possibility thereof, it is going to be more like the one we probably saw on TV described as the Oakland fire, where suddenly these citizens are saying, "Oh, what's happening to my house? There it is, up in flames. What do I do now?" But were any precautions taken? Was any anticipatory planning done? Of course not.

It just seems that, short of that, nobody wants to think about what can be done, and there are things that can be done in anticipation in order to attenuate, lessen, the disastrous consequences of sheer folly, greed, and thievery.



The articles referred to are as follows:

[From *Il Mondo*, Milan, Italy]

**THE DARK SIDE OF INTERNATIONAL BANKING**  
(By Enzo D'Antona and Giuseppe Sarcina)

Non-existent controls, ignored warnings, permissive laws: Criminality has been given the green light. And new European Community (EC) directives to prevent money-laundering risk no longer being of any use.

The reason is that a no man's land now cuts Europe in two. This axis was unthinkable until recently. On one side is London, Europe's oldest and most solid financial city, and on the other is Luxembourg, with its banking-secrecy laws and reputation as a traditional financial haven.

The comfortable distinction between the "opaque" in banking—the financial havens—and the "transparent" banking systems that exist elsewhere no longer holds. A virus is in circulation, and any banking institution can be struck by it, especially as long as control mechanisms continue to follow different procedures from country to country and banks are regulated on the basis of sometimes-contrasting laws.

In June, after four years of investigations, Manhattan District Attorney Robert Morgenthau indicted Bank of Credit and Commerce International (BCCI) founder Aga Hasan Abedi and the bank's former chief operating officer, Swaleh Naqvi. Both are Pakistanis. According to the charges, BCCI has operated as a kind of parallel system since it was founded in 1972. It has engaged in money-laundering; clandestine financing, allegedly for the CIA; selling arms to the Iranian government; and opening coded accounts to which the likes of Abu Nidal, the head of the most extremist faction of the Palestinian terrorists, had access. All this happened amid the apathy of British monetary authorities, starting with Chancellor of the Exchequer John Major, before he assumed his current post of prime minister in 1990.

The failure of the British banking-control mechanisms is the circumstance that is seen as most astonishing at EC headquarters in Brussels. Few imagined that the banking swindle of the century, as the BCCI affair has been labeled by the Anglo-Saxon press, could occur outside of the restricted circle of traditional financial havens and cause the City of London—Europe's premier financial market—to quake. In the wake of the scandal, the telephone was almost always busy at the Bank of England. And for the bank's 48,500 British account holders, as well as their fellow account holders throughout the world, it was not easy to get in touch with a Bank of England official who could provide any information. All that one could get was a strong invitation to be patient and advice not to give too much credence to British newspapers, which have been saying that at least 10 years will be needed to unravel the BCCI muddle.

Was BCCI an isolated case? Or was it the first obvious sign of a change in the British banking system and, thus, in international banking? Under former British Prime Minister Margaret Thatcher, says Socialist European Parliament Member Enzo Mattina, "deregulation did not involve only social policies but also finance and the banks . . . In other times, [alarms] about BCCI would not have fallen on deaf ears. There would have been a thorough investigation, and we would not have come to this point."

Bewilderment about banking-control mechanisms in Europe is now emerging. In

fact, every bank is supposed to respect the regulations set up by its country of origin. But some countries have, as is said, a "loose mesh." Among these is Luxembourg, the other side of the axis on which the BCCI story developed.

In the grand duchy, legal conditions are ideal for developing and carrying out illegal trafficking. New companies are not required to reveal the nationalities and places of residence of their shareholders and administrators, for example. Nor are they required to present their balance sheets. At the end of May, however, Luxembourgers had to accept the EC directive on money laundering.

Luxembourg is not alone. Even the bankers of Switzerland, the traditional stronghold against the fall of banking secrecy, have had to accept a compromise. Having abolished the mechanism that allowed trustees and lawyers to open accounts for unidentified clients, Switzerland has sanctioned the banks' obligation to denounce money that they suspect comes from illegal sources.

Yet, despite these regulations, the Swiss system is still under accusation. Swiss magistrate Michele Rusca, who recently presided over a major money-laundering trial, says that 5 percent of deposits in Swiss banks could be from illegal sources. "But the countries that are really at risk," he says, "are those whose governments are compliant. Cases such as that of BCCI occur where the links of the chain are weak."

Where could another BCCI case explode? Rusca has no doubts. The risk is in Eastern Europe: Hungary, Romania, Poland—countries that want to attract investment. They could find dirty money to launder or clients aiming to use their banks for the most indiscriminate operations.

The problems of bank surveillance are posing themselves on an international scale. What, for example, do two recent financial scandals—the Nomura Securities scandal in Japan and the one involving the Atlanta branch of Italy's Banca Nazionale del Lavoro (BNL)—have in common? "They are two cases that demonstrate the danger of situations where economic power is concentrated in a few hands," says Paolo Bernasconi, an expert on economic crime. In Japan, the shock of the scandals was very powerful: In the course of a few days, powerful institutions such as Nomura and the country's three other large brokerage companies, Daiwa, Yamaichi, and Nikko, appeared to international officials and local account holders to have been in business with the local mafia and at the service of a few industrial groups and government ministries. The BNL Atlanta affair is not as clear, although investigations have added new and important details. According to Gian Maria Sartoretti who runs BNL's Financial Institutions Department, the head of the Atlanta branch had set up a network of illegal activities involving suspicious Bulgarian, Turkish, and English companies to traffic arms and drugs.

Why are scandals such as that of Nomura, BNL Atlanta, and BCCI coming to light only now? One reason is that international détente seems to have favored a settling of accounts, so to speak: A general cleanup has been set in motion that has overrun the old pacts sealed by countries' secret services—especially those of the U.S.—and subversive organizations; guerrilla groups, such as Nicaragua's Contras; and governments, such as that of Iran. Moreover, the lack of uniformity in international controls has allowed the infiltration of organized criminals and terrorists into international finance.

In the end, what lessons can be drawn from the BCCI scandal? Obviously, the links between the banking world and secret of criminal organizations are growing closer. But there is more: The BCCI affair marks the passage of the criminal economy into a new phase of trafficking.

[From Dagens Naeringsliv, Oslo, Norway]

**AROUND THE WORLD'S FINANCIAL HAVENS**  
(By Tom Marthinsen)

Sheltering one's capital in tax havens can quickly end in money lost these days. Shady, even criminal, people are thriving in many banking and financial sectors; so are drug money and other black-market funds. Panama was once considered a safe place to put funds. But when problems arose for General Manuel Noriega, money began flowing out of Panamanian banks to Barbados, the Netherlands Antilles, the Cayman Islands, Montserrat, and many other places. After the U.S. invasion in 1989, Panama had trouble getting back on its feet financially because, among other reasons, Noriega's bank contacts were not the only ones tainted by cocaine money. There are indications that, under current President Guillermo Endara, Panama has its share of cocaine-infected banks.

One also finds snakes in other tax paradises:

**THE CARIBBEAN**

Two years ago, possibly the largest tax-haven scandal of them all swept over Montserrat, a small British colony in the Caribbean. In 1989, 347 banks were licensed to operate in Montserrat; the number is now down to 40. This drastic development came as a result of the British governor general's order to the local police in July, 1989, to raid the Montserrat-based First American Bank. Scotland Yard's fraud department sent its experts, while the British government publicly warned against using the offshore banks on the island. The British government also commissioned Rodney Gallagher of the accounting firm Coopers and Lybrand to submit a detailed report on the banking sectors of Montserrat, Anguilla, the British Virgin Islands, the Turks and Caicos Islands, and the Cayman Islands.

Gallagher concluded that the many cases of fraud on Montserrat were due to a lack of regulations and the island's close connections with U.S.-based financial people of doubtful reputation. Responsibility for the offshore banking sector was transferred from the local minister of finance of the British governor. Gallagher now works for the British High Commission in Barbados and is responsible for bringing order to the British-Caribbean tax havens.

Most of the tax havens in the Caribbean are former or present British colonies, including the Bahamas, Bermuda, and the Cayman Islands. The Caymans, in fact, are the most successful tax haven of them all. Just a one-hour flight from Miami, these islands have the world's greatest density of fax machines and, on paper, the world's fifth-largest banking sector, after the U.S., Japan, Great Britain, and France.

In contrast to many other places, the Caymans have kept their house tolerably clean of unsavory activities. Today, acknowledging their dependence on the U.S., the Caymans have an agreement that puts confidentiality aside when the American authorities believe that drug money has found its way to the banks there.

The banking sector in the British Virgin Islands is not highly developed, on the other

hand, but there is already concern about meddling by the Colombian drug cartels. With only a small police force, one boat to control a gigantic archipelago, and one plane operated jointly with the police of the neighboring colony Turks and Caicos, many fear that the islands' attempt to become a serious tax haven may be strangled by the Colombian mafia's long tentacles.

There has been no scandal yet, but the British Virgin Islands' extremely liberal laws for setting up trust companies have resulted in suspicions that, among other things, the funds of the late Philippine President Ferdinand Marcos and money from a large American robbery have been channeled through the islands' companies.

Other Caribbean havens include the Turks and Caicos Islands, whose chief minister was arrested for drug trafficking in 1985; the Bahamas, which long ago put its faith in its flag of convenience for shippers and its tax advantages; and Anguilla, another British colony that has thus far managed to avoid scandal.

#### THE PACIFIC

The tax havens of the Pacific are more of an unknown quantity. Japanese, American, and Australian capital is now being lured to the region's mini-states.

In 1971, the British introduced liberal regulations in Vanuatu (then called the New Hebrides). When the islands became independent in 1980, Vanuatu hoped to become another, bigger Bahamas: There were no income taxes, foreign-exchange controls, inheritance taxes or taxes on profits from securities trading.

Elsewhere in the Pacific, the Cook Islands, which are in a so-called free association with New Zealand have attracted more than 500 foreign companies, while the kingdom of Tonga lures capital with liberal regulations and watertight bank accounts. Fiji is also attempting to attract capital, partly by rebuilding the confidence that was lost earlier this year after the military interfered with government operations.

Attempts to attract foreign capital are also under way in the Indian Ocean. There, it is South African capital that is being wooed. Mauritius has long had liberal laws and secrecy provisions for financial information.

#### EUROPE

In Luxembourg, people have been nervous about the establishment of a common European Community (EC) financial market because, in theory, this could destroy the country's financial strength. In practice, however, the opposite has occurred: Luxembourg has become stronger as a tax haven inside the EC. Removal of regulations in other EC countries have simply made it easier for rich people to channel money to Luxembourg. It has established itself as an alternative to Switzerland for not-so-rich people from Belgium, the Netherlands, Germany, and France.

Switzerland itself has long worried about trends in the EC. The increased competition from other tax havens has been blamed for the recent falling off of capital coming into the country. So has the fact Swiss banking-secrecy laws are no longer as strict as they used to be.

The smaller European havens are worth mentioning: Liechtenstein, Jersey, Guernsey, the Isle of Man, and Gibraltar. Less known to many are Malta, Cyprus, Madeira, Ireland, Andorra, Monaco, and, of all places, Hungary.

The Isle of Man and Gibraltar are both suffering from political crises and from the

aftereffects of the 1988 financial crisis. Newcomers Ireland and Malta have had quick success. In Dublin, 150 companies are newly registered, resulting in 700 much-needed jobs. And in Malta, 300 companies were set up in the country's first year as a tax haven. The companies are from Great Britain, Hong Kong, Italy, the Soviet Union, and Arab countries. None of the world's largest insurance companies or banks has established itself in Malta thus far. But the possibility that Europe's newest tax haven will attract attention is absolutely at hand.

#### THE NEED FOR A COMMISSION TO STUDY AND REPORT ON THE QUALITY AND EQUALITY OF AMERICAN LIFE

(Mr. BENNETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BENNETT. Mr. Speaker, I was shocked at the verdict in the Rodney King suit and strongly support a new trial under the civil rights legislation. The American people strongly agree on this. We are also shocked at the deaths and the violence that came about upon the announcement of the verdict.

On the affirmative side, we are all confirmed in our belief that the quality of American life can be improved and that this should be done on the basis of equality among all our citizens.

To assist discussion of ways to improve the status quo, I have today introduced a measure designed to create a U.S. Commission on the Quality and Equality of American Life.

The purpose of the Commission would be to advise the executive and legislative branches of our Government on at least an annual basis, as to what is good in American life and as to what is not; and the extent to which there is an equal sharing among all segments of the American population. The bill has a 5-year sunset clause but if the Commission proves to be helpful it could be continued. It is a relatively inexpensive way to get underway improvements which obviously need to be made. Rodney King himself said it best when he looked to the future and said, "Let's try to work it out."

□ 1310

#### THE L.A. RIOTS. WHAT WE NEED TO DO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Mexico [Mr. RICHARDSON] is recognized for 60 minutes.

Mr. RICHARDSON. Mr. Speaker, since I delivered the 1-minute speech about my not retiring from the Congress just this morning, two other Members of the House, the gentleman from New York, Representative MATT MCHUGH and the gentleman from Michigan, Representative BOB DAVIS have announced their retirements from the Congress, two outstanding Mem-

bers, two hardworking Members, like many others that have retired, two very good friends of mine and many others in this Chamber.

Mr. Speaker, I want to talk today about the L.A. riots, and I want to talk to this country and my colleagues in the context of what I, as a Member of Congress from a rural State that does not have an urban area larger than 50,000, Santa Fe, my hometown, what I make of the L.A. riots, as every citizen in this country is trying to understand what they themselves make of these riots.

I am not going to review what has happened. I am simply going to state what I believe we need to conclude and what we need to do.

There are going to be a lot of solutions discussed. The President is meeting with his Cabinet this morning. Undoubtedly the Congress will investigate the riots and propose some dramatic legislation. But hopefully, every citizen and every individual will look deep inside and decide how he or she can deal with the problems of poverty, of racism, of moral values, of joblessness, and many other urban-related problems that affect our country.

First, what happened in Los Angeles was a cry for help. The last thing we can do and should do is to do nothing, to ignore the problem and basically state that now that much of the violence in Los Angeles is contained, that our job is done. The worst thing we can do is to do nothing.

Second, we have to conclude that our system of justice in the Rodney King trial failed, pure and simple. The police officers were guilty, but the jury did not see it.

Third, we must conclude that the looting and the violence is wrong and should be condemned. A mechanic who was outraged by these verdicts was killed by the mob. It did not matter that he was outraged. His death and all of the killings were so wrong and senseless.

We must conclude that millions in the inner cities, mostly blacks, have lost contact with the values and aspirations of the rest of the country. These millions are growing up without access to opportunity, without ever holding a job, being on welfare and never owning any property. It is clear the current economic policies have made these social problems in the cities worse. And we cannot go emphasizing just law and order, as we do every year with a crime bill. We have to also advance a social agenda, not just income redistribution, not just more money, but a social agenda that includes better schools, enhanced job training, better prenatal care, and full access to Head Start programs, not to mention a large jobs program for the cities.

Mr. Speaker, we have created a permanent underclass, a culture of pov-



erty. We must take steps to redress this wrong. We cannot just emphasize the economic roots of crime and disorder, although they are relevant. We have to give great emphasis to moral values and not just more government programs. After all, the need to make our streets safer is a primary agenda item for black America, too.

Polls show blacks are most concerned with crime and are strong advocates of the death penalty. Urban disorders is not just a black or minority problem. It is a national problem.

The root of the Nation's racial problems or racial crisis is not just economic, but it lies in the disintegration of community and values and the decline of commonly accepted rules. People loot because they are not part of the system. They feel left out.

It is terribly wrong, but that is the fact. Gangs are the substitutes for community, for family. Guns, drugs, and gangs replace church, family, neighborhood, and work. And we have to acknowledge that many times race is at the root of the problem, and we have to face it.

Millions wake up every day without any hope. Many of those are young blacks.

Each one of us must decide how we can deal with this issue of race in a constructive way. Instead of thinking of a massive civil rights bill, let's think about how we can better understand each other. Let us not limit our thoughts to just blacks. It is Latinos. It is Asian-Americans, too.

By the year 2010, minorities are going to be among the largest work force numbers in this country. The city of Los Angeles, in the year 2010, will be primarily a minority community. We are all in this together. We need to deal with the issue of racism one on one.

There are many social factors, not just poverty, contributing to the problem. Part of the difficulty in the inner cities is a great decline of well-paying, low-skilled jobs. But the overall problems are social and moral, family breakdown, the rise of violent crime, and the decay of social institutions in the inner cities. But all of the money in the world is not going to make up for the loss of family values and accountability.

Our cities, nonetheless, need help. Unemployment, health care, education housing, and other substandard living conditions have gotten dramatically worse in the last 10 years. Although deep skepticism remains whether Government programs alone can do the job and make the difference, clearly less Government intervention and resources is not going to make things better. And our assistance to cities to deal with some of these problems in the last decade has declined. Between 1981 and 1992, spending adjusted for inflation declined as follows: 82 percent for subsidized housing, 63 percent for job

training and employment services, 40 percent for community development, community service and social service; block grant programs, 82 percent for subsidized housing, 63 percent for job training, 40 percent for community development, and community service.

□ 1320

There is no question that the decline in Federal interest and in Federal programs, has been a significant factor. If we combine this declining involvement with the cities' losing population and political power as well as the fact that, less attention is given to urban problems as the Nation becomes suburban, there's little wonder why urban issues have largely disappeared from the debate of the Presidential candidates.

Think of the debates in the last 10 years on the problems of urban America, maybe one or two. They are not powerful issues that grab the electorate. They are not sexy, they are only made sexy when we have a tragedy of these proportions.

The Federal deficit is clearly a very serious problem. Today our Government is deeply in debt and the average family income adjusted for inflation has remained stagnant, so we cannot expect the middle class to be generous to the poor in the inner cities when they themselves are struggling to keep their heads above water.

Mr. Speaker, what do we need to do? Let us just forsake the analysis and figure out what we as Americans, black and white and yellow and red, need to do together, Congress, Democrat, Republican, President.

One, we have to stop fixing blame and focus on the solutions. The very first thing that should happen is the Justice Department should charge the officers with violations of civil rights laws. This has to be done as part of the solution. It is quite clear our legal system needs to be reinvigorated by the Justice Department taking this action on civil rights grounds. This should calm some of the unrest that exists today and that has produced over 50 deaths.

Second, it is important that the President and the Congress name a type of Kerner Commission that will try to understand the new set of problems that have emanated since the L.A. riots 27 years ago, since the riots that gripped our cities many, many years ago, taking into account that we have a deficit problem, but also taking into account that just throwing Government money at some of these problems did not work. Instead we need to focus on family values, the breakdown of the family, prenatal care, unwed mothers, crime, drugs, and a strategy, a policy, and new initiatives that we do not have.

We have to have an inner city jobs program in this country, and this is going to take money. We should ear-

mark some of the money that we have cut from defense spending and other programs and channel the savings into a domestic city jobs program, not a massive one, but one with new directions tied to training, to work, to future employment, to education. We have to start somewhere with the young people that have lost hope, that feel despair, in these cities.

When Washington intervenes, we have to strengthen existing local institutions and neighborhoods, strengthen local neighborhood entities, go into the neighborhood, do what the new police chief in Los Angeles plans to do and set up police facilities in the neighborhoods, not just in one central station but where they can interact with families and community leaders, go deeply into the neighborhoods and talk to people and dialogue and come to mediation and understanding, instead of the extreme cynicism and lack of communication that exists in the city of Los Angeles among the police and their own people.

We have had no policy concerning our cities for 10 years, nothing. We have ignored them. We have simply said, "We will do it later after we get the deficit under control." We have to bring the deficit under control, but what has happened in Los Angeles is the crying of a Nation, the crying of an underclass that has been left behind and cannot defend itself.

Those young black males, those young black women, those minority communities do not have lobbyists here in Congress. They cannot speak up to us and say, "Come on, Congress and President Bush, address these problems." We, elected officials and the people of this country that obviously are outraged, have to take the initiative. We have to have initiatives in the areas of war on crime and drugs, war against poverty and despair, as I said, not just throwing money at them but getting our best minds to work together to try to resolve them.

We also want to make sure that our minority groups in this country that are growing need to work closer together. It is not just a conflict between black and white but it has become black against brown, black against yellow, brown against yellow, especially in urban areas where there is a white flight from the cities moving into the suburbs. We have minority communities that are young and growing and sometimes do not have jobs and do not have any hope for the future and do not have opportunity.

Minorities need to work just as much with each other. Look what happened with the Korean store owners who were looted. They have rights, too. They are part of the American melting pot and they are citizens that contribute to this country. They must be part of the solution.

We also have to bring white Americans and black Americans, including

black professionals, and black entrepreneurs, together to help us resolve these issues. Too often it is black politicians and white politicians. We need common citizens, those that perhaps have not been living in urban areas, those that have already made it and have seen a part of the economic pie that is so important.

Mr. Speaker, this is just a limited perspective on my part. I do not have all the answers. I am a Member of Congress from New Mexico, where we have basically good race relations, although we have large Native American and Hispanic communities. We have a black community, too. Yes, we have problems, but I come as a Member of Congress totally open, that we have to act on what has happened in Los Angeles. The worst we can do is ignore the problem. The worst we can do is appoint a commission that will forget. The worst we can do is just to condemn the looting and the violence.

Yes, that is wrong, but that is also the easier thing to do. We have to deal with these problems of the underclass, a permanent underclass, a culture of poverty that has been created in our cities, men and women that live day to day on welfare without a job, without hope, their families breaking up. They never see any kind of opportunity. Government handouts alone will not help them. We need new and creative Government incentive policies with private sector involvement.

Mostly, Mr. Speaker, we as Americans need to look deep down into ourselves and see if we in effect can eliminate those little traces of bigotry and racism that we all have, and understand that all of those young people that are out there hopeless, many times not knowing where the next meal is coming from, relying on their gangs for any kind of social betterment and economic betterment, that we do care about them, that they are part of this country and that we as a Nation need to respond better than we have.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. RICHARDSON) to revise and extend their remarks and include extraneous material:)

Mr. DEFazio, for 5 minutes, today.  
Mr. ANNUNZIO, for 5 minutes, today.  
Mr. RICHARDSON, for 60 minutes, today and on May 5.  
Ms. KAPTUR, for 5 minutes each day, on May 5, 6, and 7.

#### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. WOLF) and to include extraneous matter:)

Mr. COMBEST.  
Mr. VANDER JAGT.  
Mr. BROOMFIELD.

(The following Members (at the request of Mr. RICHARDSON) and to include extraneous matter:)

Mr. ANDERSON in 10 instances.  
Mr. GONZALEZ in 10 instances.  
Mr. BROWN in 10 instances.  
Mr. ANNUNZIO in six instances.  
Mrs. LLOYD in 10 instances.  
Mr. HAMILTON in 10 instances.  
Mr. DE LA GARZA in 10 instances.  
Mr. SCHUMER.  
Mr. LAUGHLIN.  
Mr. KANJORSKI.  
Mr. BORSKI.  
Mr. SKELTON in two instances.  
Mr. LEVINE of California.  
Mr. FALEOMAVAEGA.  
Mr. ASPIN.

#### SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S.J. Res. 174. Joint resolution designating the month of May 1992, as "National Amyotrophic Lateral Sclerosis Awareness Month," and

S.J. Res. 222. Joint resolution to designate 1992 as the "Year of Reconciliation Between America Indians and non-Indians."

#### ADJOURNMENT

Mr. RICHARDSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 30 minutes p.m.) the House adjourned until tomorrow, Tuesday, May 5, 1992, at noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3436. A letter from the Comptroller General, the General Accounting Office, transmitting a review of the President's 5th through 72nd special messages for fiscal year 1992, pursuant to 2 U.S.C. 685 (H. Doc. No. 120-326); to the Committee on Appropriations and ordered to be printed.

3437. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to the Czech and Slovak Federal Republic, pursuant to 12 U.S.C. 635(b)(3)(1); to the Committee on Banking, Finance and Urban Affairs.

3438. A letter from the District of Columbia Retirement Board, transmitting financial disclosure statements of Board members for calendar year 1991, pursuant to D.C. Code, section 1-732, 1-734(a)(1)(A); to the Committee on the District of Columbia.

3439. A letter from the Secretary of Education, transmitting notice of Final Funding Priorities—Program for Children and Youth

with Serious Emotional Disturbance, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

3440. A letter from the Administrator, Environmental Protection Agency, transmitting a report entitled "Radon in Schools"; to the Committee on Energy and Commerce.

3441. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of a proposed license for the export of major defense equipment sold commercially to Greece (Transmittal No. DTC-15-92), pursuant to 22 U.S.C. 2776(c); to the Committee on Foreign Affairs.

3442. A letter from the Secretary of State, transmitting President Bush's determination that the Board of the International Fund is, as a whole, broadly representative of the interests of the communities in Ireland and Northern Ireland, and that disbursements from the International Fund are distributed in accordance with the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation, and will address the needs of both communities in Northern Ireland, pursuant to Public Law 99-415, section 5(c) (100 Stat. 948); to the Committee on Foreign Affairs.

3443. A letter from the Acting Assistant Secretary of State for Legislative Affairs, transmitting the annual report on international terrorism for 1991, pursuant to 22 U.S.C. 2656f; to the Committee on Foreign Affairs.

3444. A letter from the Chairman, Federal Maritime Commission, transmitting a copy of the semiannual report on activities of the inspector general for the period October 1, 1991 to March 31, 1992, pursuant to Public Law 95-452, section 5(b) (102 Stat. 2526); to the Committee on Government Operations.

3445. A letter from the Assistant Attorney General, transmitting a draft of proposed legislation to improve the admissions process at airports and other ports of entry; to the Committee on the Judiciary.

3446. A letter from the Chairman, U.S. Sentencing Commission, transmitting a report of amendments to the sentencing guidelines together with the reasons therefor, pursuant to 28 U.S.C. 994(p); to the Committee on the Judiciary.

3447. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to revise the definitions of passenger in section 2101 of title 46, U.S. Code, and for other purposes; to the Committee on Merchant Marine and Fisheries.

3448. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report entitled "Buy American Study Report"; to the Committee on Public Works and Transportation.

3449. A letter from the Chairman, U.S. International Trade Commission, transmitting the 69th quarterly report on trade between the United States and nonmarket economy countries, pursuant to 19 U.S.C. 2441(c); to the Committee on Ways and Means.

3450. A letter from the Acting, Office of the U.S. Trade Representative, transmitting a report concerning eliminating or reducing foreign unfair trade practices for the period July through December 1991, pursuant to 19 U.S.C. 2416, 2413; to the Committee on Ways and Means.

3451. A letter from the Secretary, Department of State, transmitting on behalf of the Secretary of State certification required under section 609(b) of Public Law 101-162, pursuant to Public Law 101-162, section 609(a)(5)(C) (103 Stat. 1038); jointly, to the Committees on Appropriations and Foreign Affairs.



3452. A letter from the Secretary of Interior, transmitting a copy of the April 1992 Proposed Final Comprehensive Outer Continental Shelf (OCS) Natural Gas and Oil Resource Management Program for 1992-97; jointly, to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries.

3453. A letter from the Assistant Attorney General, Department of Justice, transmitting a draft or proposed legislation to reauthorize the Office of Justice Programs, and its components; jointly, to the Committees on the Judiciary and Education and Labor.

3454. A letter from the Secretary of Health and Human Services, transmitting the 1991 annual report of the Federal Advisory Committees which provided advice and consultation in carrying out his functions under the Social Security Act, pursuant to 42 U.S.C. 1314(f); jointly, to the Committees on Ways and Means and Energy and Commerce.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

*(Submitted May 1, 1992)*

Mr. BROWN: Committee on Science, Space, and Technology. H.R. 776. A bill to provide for improved energy efficiency; with amendments (Rept. 102-474, Pt. 2). Ordered to be printed.

Mr. ROE: Committee on Public Works and Transportation. H.R. 776. A bill to provide for improved energy efficiency; with amendments (Rept. 102-474, Pt. 3). Ordered to be printed.

*(Submitted May 4, 1992)*

Mr. FASCELL: Committee on Foreign Affairs. H.R. 776. A bill to provide for improved energy efficiency; with amendments (Rept. 102-474, Pt. 4). Ordered to be printed.

Mr. CLAY: Committee on Post Office and Civil Service. H.R. 3681. A bill to amend title 5, United States Code, to make election day a legal public holiday, with such holiday to be known as "Democracy Day" (Rept. 102-510). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROWN: Committee on Science, Space, and Technology. H.R. 4557. A bill to authorize appropriations to the Federal Aviation Administration for research, engineering, and development to increase the efficiency and safety of air transport; with an amendment (Rept. 102-511). Referred to the Committee of the Whole House on the State of the Union.

## SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of rule X the following action was taken by the Speaker:

H.R. 776. Referral extended for a period ending not later than May 5, 1992.

H.R. 3247. The Committee on Science, Space, and Technology discharged. Referred to the Committee of the Whole House on the State of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARMEY:

H.R. 5053. A bill to amend section 9(a) of the National Labor Relations Act to allow employees to enter into contracts with employers without the intervention of a bargaining representative; to the Committee on Education and Labor.

By Mr. BENNETT:

H.R. 5054. A bill to establish a Commission on the Quality and Equality of American Life, and for other purposes; to the Committee on the Judiciary.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 261: Mr. MARTINEZ.

H.R. 727: Mr. KILDEE.

H.R. 840: Mr. RAY.

H.R. 1424: Mr. STEARNS, Mr. BILIRAKIS, Mr. CLINGER, Mr. MACHTLEY, and Mr. McGRATH.

H.R. 1497: Mr. ALEXANDER.

H.R. 2463: Mr. MONTGOMERY and Mr. DAN-NEMEYER.

H.R. 2624: Mr. PERKINS.

H.R. 3918: Mr. GALLEGLY, Mr. GUARINI, and Mr. MANTON.

H.R. 4018: Mr. PETERSON of Minnesota.

H.R. 4076: Mr. GEREN of Texas and Mr. BLACKWELL.

H.R. 4083: Mr. RICHARDSON, Mr. POSHARD, Mr. THOMAS of Georgia, Mr. BONIOR, and Mr. SKAGGS.

H.R. 4268: Mr. COMBEST, Mr. FIELDS, Mr. NICHOLS, Mr. GALLEGLY, Mr. MARTIN, Mr. BARTON of Texas, and Mr. RIGGS.

H.R. 4293: Mrs. VUCANOVICH, Mr. COSTELLO, Mr. BUSTAMANTE, and Mr. PAYNE of New Jersey.

H.R. 4361: Mr. MRAZEK and Mrs. MEYERS of Kansas.

H.R. 4414: Mr. WILLIAMS.

H.R. 4419: Mr. FOGLIETTA, Mr. LEHMAN of California, and Mrs. UNSOELD.

H.R. 4461: Mr. INHOFE.

H.R. 4488: Mr. DUNCAN, Mr. BILIRAKIS, Mr. LAUGHLIN, Mrs. PATTERSON, Mr. STENHOLM,

Mr. ARMEY, Mr. BURTON of Indiana, Mr. HAMMERSCHMIDT, Mr. EWING, Mr. JOHNSON of Texas, Mr. LENT, Mr. LIGHTFOOT, Mr. McMILLAN of North Carolina, Mr. MOORHEAD, Mr. ROHRBACHER, Mr. SAXTON, Mr. SMITH of Texas, Mr. SCHAEFER, Mr. UPTON, Mr. SMITH of Oregon, Mr. LEWIS of California, Mr. CRANE, Mr. BREWSTER, Mr. DAVIS, Mr. WILSON, Mr. SKEEN, Mr. HEFNER, and Mr. McEWEN.

H.R. 4536: Mr. BATEMAN, Mr. LANCASTER, Mr. DORNAN of California, Mr. PARKER, Mr. HERGER, and Mr. McNULTY.

H.R. 4944: Mr. ERDREICH and Mr. MOORHEAD.

H.J. Res. 240: Mr. BAKER and Mr. DOOLITTLE.

H.J. Res. 406: Mr. LOWERY of California, Mr. OBERSTAR, Mr. GILCHREST, Mr. LIVINGSTON, Mrs. JOHNSON of Connecticut, Mr. HASTERT, Mr. HAMMERSCHMIDT, Mr. WASHINGTON, Mr. HOUGHTON, Mr. LEWIS of California, Mr. GILMAN, Mr. CAMP, Mr. PACKARD, Ms. DELAURO, Mr. WHEAT, Mr. DUNCAN, Mr. HUTTO, Mr. HANSEN, Mr. HAYES of Illinois, Mr. COBLE, Mr. CHANDLER, Mr. BOEHLERT, Ms. MOLINARI, Mr. WELDON, Mr. RICHARDSON, Mr. VALENTINE, Mr. PASTOR, Mr. CARR, Mr. HENRY, Mr. BALLENGER, Mr. GILLMOR, Mr. BATEMAN, and Mr. GALLEGLY.

H.J. Res. 407: Mr. SERRANO, Ms. SNOWE, and Mr. MORAN.

H.J. Res. 429: Mr. RHODES, Mr. BORSKI, Mr. MCCOLLUM, Mr. SPRATT, Mr. BATEMAN, Mr. MOODY, Mr. ABERCROMBIE, Mr. BLACKWELL, Mr. COUGHLIN, Mr. ANDERSON, Mr. DOWNEY, Mr. DYMALLY, Mr. WEISS, Mr. MFUME, Mr. ESPY, Mr. MOAKLEY, Mr. ASPIN, Mrs. UNSOELD, Mr. HOYER, Mr. NEAL of North Carolina, Mr. CONYERS, Mr. HAYES of Illinois, Mr. OXLEY, Mr. NATCHER, and Mr. KILDEE.

H.J. Res. 454: Mr. ANDREWS of Maine, Mr. EDWARDS of California, Mr. SPRATT, Mr. LIVINGSTON, Mr. GUARINI, Mr. VENTO, Mrs. BOXER, Mr. KLUG, Mr. FASCELL, Mr. LIPINSKI, Mr. GLICKMAN, Mr. CHANDLER, Mr. KOST-MAYER, Mr. SISISKY, Mr. SCHIFF, and Mr. PETERSON of Minnesota.

H.J. Res. 470: Mr. GINGRICH, Mr. ANDERSON, Mr. QUILLLEN, Mr. RINALDO, Mr. WOLF, Mr. JONES of North Carolina, Mr. BROWDER, Mr. COYNE, Ms. PELOSI, and Mr. ROWLAND.

H. Con. Res. 282: Mr. HARRIS, Mr. GILMAN, Mr. GUARINI, Mr. NUSSLE, Mr. NAGLE, Mr. RAVENEL, Ms. LONG, Mr. KLUG, Mr. HAMILTON, Mr. DIXON, Mr. PERKINS, Ms. MOLINARI, Mr. HAYES of Illinois, Mr. GILLMOR, Mr. MILLER of Ohio, Mr. ALEXANDER, Mr. PETERSON of Minnesota, Mr. HENRY, and Mr. MOLLOHAN.

H. Con. Res. 295: Mr. TORRES, Mr. BORSKI, Mr. EVANS, and Mr. TRAFICANT.

H. Con. Res. 297: Mr. FROST, Mr. ATKINS, and Mr. BUSTAMANTE.

H. Con. Res. 305: Mr. GOSS, Mr. LIPINSKI, Mr. SMITH of New Jersey, Mr. BEREUTER, Ms. MOLINARI, Mr. HORTON, Mr. LAGOMARSINO, Mr. ENGEL, and Mr. ZELIFF.

H. Res. 164: Mr. McDERMOTT.